

## 1.0 Capital Budget

### Summary

The State of Utah annually expends a significant portion of the budget on capital facility related projects. There is a continued need to build new facilities and maintain or improve the buildings already in place. Although there will never be total agreement on whether programs drive construction or construction creates programs, the Legislature should be closely involved with the process. Because construction costs and operating expense associated with capital projects can result in the expenditure of millions of dollars over the life of the asset, the Legislature must have the structure and ability to conduct informed reviews of proposed capital projects.

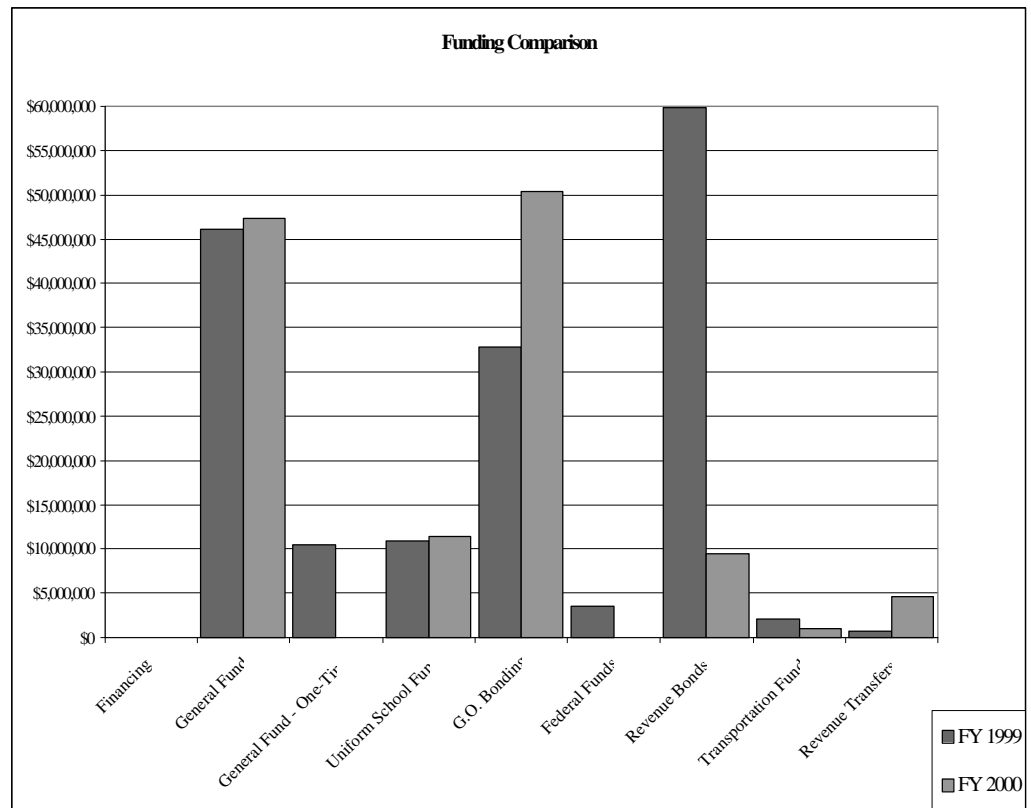
#### Capital Projects:

	<b>FY 1999</b>	<b>FY 2000</b>	
<b>Financing</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$46,061,900	\$47,310,300	\$1,248,400
General Fund - One-Time	10,500,000		(10,500,000)
Uniform School Fund	11,000,000	11,416,100	416,100
G.O. Bonding	32,855,300	50,345,200	17,489,900
Federal Funds	3,505,800		(3,505,800)
Revenue Bonds	59,868,600	9,448,000	(50,420,600)
Transportation Fund	2,118,900	978,000	(1,140,900)
Revenue Transfers	686,300	4,574,000	3,887,700
<b>Total</b>	<b>\$166,596,800</b>	<b>\$124,071,600</b>	<b>(\$42,525,200)</b>
<b>Programs</b>			
Capital Improvements	\$31,893,500	\$33,558,000	\$1,664,500
Capital Planning	40,000	90,000	50,000
Capital Developments	126,757,400	88,521,600	(38,235,800)
Statewide Land Purchases	5,787,000		(5,787,000)
Transportation Buildings	2,118,900	1,902,000	(216,900)
<b>Total</b>	<b>\$166,596,800</b>	<b>\$124,071,600</b>	<b>(\$42,525,200)</b>

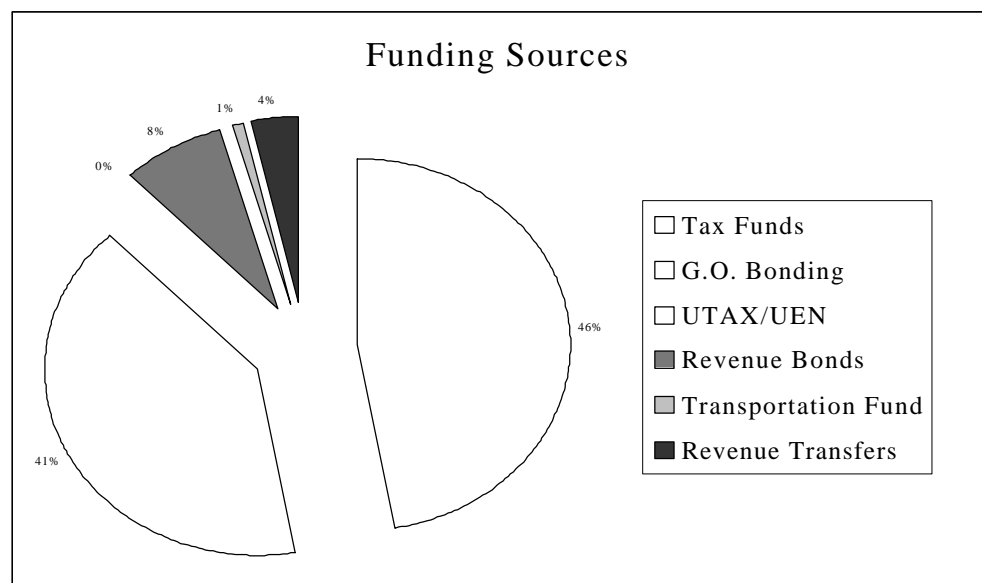
#### State Government Projects:

	<b>FY 1999</b>	<b>FY 2000</b>	
<b>Financing</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
G.O. Bonding	\$15,650,000	\$12,715,000	(\$2,935,000)
Other Funds - E-Rate Savings		1,875,600	1,875,600
<b>Total</b>	<b>\$15,650,000</b>	<b>\$14,590,600</b>	<b>(\$1,059,400)</b>
<b>Programs</b>			
Government Operations (UTAX)	\$15,650,000	\$8,500,000	(\$7,150,000)
UEN - Digital Conversion		6,090,600	6,090,600
<b>Total</b>	<b>\$15,650,000</b>	<b>\$14,590,600</b>	<b>(\$1,059,400)</b>

For comparative purposes, the Analyst has provided the following chart of comparing last year's authorization to this year's recommendation.



Last year, the University of Utah was authorized to issue \$25 million in revenue bonds for student housing that will double as the Olympic Village. The \$25 million authorization created an unusually high total for revenue bonding in FY 1999. The following chart details the funding sources for the Analyst's recommendation.



## 2.0 Budget Highlights:

### 2.1 Response to Legislative Intent language

#### 2.1.1 FY 1998 Budget

#### From FY 1998 Budget - Capitol Building Improvements:

*It is the intent of the Legislature that the Division of Facilities Construction and Management, under the direction of the Legislative Management Committee, establish a separate program for the State Capitol Building within the annual allocation for Capital Improvement Funding. The FY 1998 amount should be at least \$3,000,000 to fund projects relative to tenant build out and other improvements. Future year funding should be at least \$2,000,000 annually for Capital Building improvement projects. However, if major development projects such as seismic retrofit, are funded for the Capitol Building, the \$2,000,000, minimum may be reduced accordingly.*

In response, the following list of improvements will be funded for the Capitol Building

South Stairs and Stonework and Other Repairs	\$990,800
East Stair (Including ADA)	349,200
West Stair	174,800
Lion Sculpture Repair and Fiberglass Casting	68,900
Gold Room Finishes	115,600
Governor's Office Finishes	38,900
Elevator Replacement	166,900
Electrical Upgrades	26,600
Press Room Move	39,700
CCJJ Removal	24,600
House Committee rooms (electrical/data wiring)	26,100
Committee Room Chairs	<u>58,500</u>
Total Allocated	<u>\$2,080,600</u>

Work has been completed on all stairs, the Gold Room, the Governor's Office and the Committee Rooms. Other projects are ongoing while expenditures for the remaining \$919,400 have not yet been identified.

During the 1998 General Session the Legislature created the Capitol Preservation Board (CPB) to manage all facilities on Capitol Hill. The CPB is responsible for directing remodeling and renovation projects within the Capitol Building and on the Capitol Grounds. The CPB is now responsible for identifying uses for the remaining balances in this program.

**2.1.2 Response to intent language in the FY 1999 Budget**

Language from the 1998 Legislative Session:

**1. Department of Workforce Services-Cedar City-New**

*It is the intent of the Legislature that the Department of Workforce Services use savings achieved through administrative and other efficiencies to fund program planning for an addition to the employment center in Cedar City, if not funded through the Capital Facilities appropriation, not to exceed \$12,500.*

**Response:** The program has been completed using funds from the Department of Workforce Services as authorized.

**2. Building Board-Ranking of Designed Projects-New**

*It is the intent of the Legislature that projects funded for design should receive the highest ranking by the State Building Board for construction funding, before any other projects are recommended for construction. Capital Improvements are excluded from this intent since they are subject to statutory directives.*

**Response:** The Building Board gave a high ranking to projects that had been funded previously for design, but placed the Rampton Phase II project at the Utah State Hospital above two USHE projects that were designed last year. The Analyst recommendation follows this intent language.

**3. Use of Operations and Maintenance Funding-New**

*It is the intent of the Legislature that no State agencies and institutions use facility operational and maintenance (O/M) funding for anything other than O&M purposes. The State Building Board should recommend a common definition of O&M for application relative to this legislative intent for consideration by the Government Operations Interim Committee in October, 1998.*

**Response:** A common definition for O&M has been adopted by the Building Board. The analyst is recommending new intent language to close several O&M loopholes.

**4. UDOT-Region 3-New**

*It is the intent of the Legislature that the Utah Department of Transportation pursue the relocation of its Region 3 Headquarters Office in Orem if a replacement facility can be obtained at a cost which is not greater than the value received from the disposition of the existing Headquarters property. It is assumed that no less than*

*market value will be accepted and that a competitive Request for Proposal process will be followed. If this condition can be satisfied, it is further the intent of the Legislature that the Division of Facilities Construction and Management work with the UDOT to acquire and/or construct a facility which meets the needs of UDOT without additional funding.*

**Response:** A Request for Proposal was issued per the intent language and no proposals were received. This may be pursued again if market conditions indicate that it would be successful.

#### **5. Capitol Building Funding-New**

*It is the intent of the Legislature that funding for Capitol Building improvements be used for the Capitol Building Rehabilitation Master Concept up to \$1,000,000. Further, the Division of Facilities Construction and Management should use additional capital improvement allocations for Capitol Building life safety repairs and improvements as necessary. However, every effort should be taken to forgo making improvements that will later be replaced as the rehabilitation master concept is initiated. If HB 330, 1998 General Legislative session does not pass, all proposed projects for the Capitol Building shall be approved by the Speaker of the House and the President of the Senate prior to any expenditure.*

**Response:** The Building Board and DFCM have followed the legislative intent in limiting the capital expenditures on the Capitol Building and initiating the development of a master concept under the direction of the Capitol Preservation Board.

#### **6. Redirection of Previous Projects-New**

*It is the intent of the Legislature that the following funds are to be redirected for partial payment for the Courts and Youth Corrections land purchase in Vernal: a) \$80,000 authorized as project number 19 in House Bill No. 442 passed by the 1994 Legislature to fund a Human Services office in Cedar City and b) \$19,400 authorized in Item 6 of intent language under Section 58 of House Bill 1 passed in the 1991 First Special Session to fund programming of an addition to the Midvale Human Services Office.*

**Response:** The funds were transferred to the purchase of land in Vernal as directed.

#### **7. Use of Draper Land Sale-New**

*It is the intent of the Legislature that the \$326,900 available from the disposition of land near the Draper Prison complex is to be used for conversion of the Women's Facility for Forensics.*

**Response:** The funds were transferred to the Prison project as directed.

**8. Decker Lake Land -New**

*It is the intent of the Legislature that proceeds arising from the exchange of State property at Decker Lake in the amount of \$260,000 are to be applied to the new Youth Corrections facilities as funded by the 1998 Legislature.*

**Response:** The funds were transferred to the Logan and Vernal Youth Corrections projects as directed.

**9. State Hospital Forensics Facility Project-New**

*It is the intent of the Legislature that the Division of Facilities Construction and Management include a kitchen/canteen in the Forensics project at the State Hospital at an estimated cost of \$336,000.*

**Response:** The kitchen/canteen was included as directed.

**10. Retention of Old SUU Physical Education -New**

*It is the intent of the Legislature that the existing Physical Education Building at Southern Utah University be retained to the extent that the State Building Board determines that the expenditures required to reuse the building for other purposes is a prudent use of State resources.*

**Response:** In response, the Request for Proposal (RFP) has not yet been issued pending a Resolution with the Department of Corrections of how this program and RFP will be structured and where it will be located.

**2.2 Each Higher Education Institution should do qualification and prioritization**

Currently the Board of Regents utilize a system for facility prioritization call Q & P (Qualification and Prioritization). This process constitutes the utilization of a numeric formula where points are awarded for things such as relative need, institutional priority, life safety, enrollments, space utilization, space inventories, etc.

This process has been taking place at the Board of Regents level based on the priority list given to them by the institution. However, the institutions, in most cases, are not doing a similar process for their campus prior to giving their list to the Regents staff.

The Analyst is concerned that some previously funded projects may not have represented the most critical campus need when presented to the Legislature. If each campus conducted their own Q & P process, the Analyst believes the Legislature may have more confidence in the prioritized lists as presented by Higher Education.

**Recommended Intent Language**

Therefore, The Analyst recommends the following intent language:

*It is the intent of the Legislature that the State Board of Regents work with each Higher Education institution to adapt the Qualification and Prioritization (Q&P) formula for application at the institutional level. The list of facilities presented to the 1999 Legislature should have been processed through the Q&P formula both at the institutional level and the Board of Regents.*

The State Board of Regents agree that this is a worthwhile pursuit and are working with individual institutions to follow this recommendation. The Analyst believes that Legislative interest may help facilitate this.

**2.3 Prototype office buildings should be developed**

Some states are having success using a prototype office building. Florida, for example, has three sizes; small, medium, and large that can be adapted to any site for any state agency or institution. Florida claims to have experienced significant savings in time and money by using this process.

The Analyst is recommending two office buildings in FY 1999 for lease revenue bonding. In addition, the State Board of Regents are considering an administrative office building, and with the certainty that there will be future requests for additional office space, the Analyst recommends the following intent language.

*It is the intent of the Legislature that the Division of Facilities Construction and Management (DFCM) make every effort to develop prototypical applications for office buildings funded during the 1998 Legislative session. Further, DFCM, if necessary, may identify a reasonable amount of the office building budgets to develop prototypical applications, as long as the total budget is not increased.*

The Analyst is recommending an additional \$50,000 in the Capital Budget to further this goal.

**2.4 Review of improvement fund allocation process may**

Currently, DFCM allocates the Capital Improvement funding for various agency and institution projects. This is done in March, after the Legislative session. State statute defines a capital improvement as a remodeling, alternation, or repair project with a total

**be needed**

cost of less than \$1,000,000 (63A-5-103(4)(a)).

The problem arises when some institutions have a number of smaller projects that should be done, but knowing they will probably get only one project funded, they ask for the highest cost project. That is one reason we see so many projects just under the \$1 million level from Higher Education.

To resolve this, some Higher Education institutions have proposed that the State Building Board consider allocating a total rather than specific project amount to each institution. The institutions believe that with this latitude they can better manage their needs and not neglect small projects in favor of the larger ones.

The Analyst believes this issue should be considered for discussion by the Capital Facilities and Administrative Services Appropriations Subcommittee.

**2.5 Archives should be considered for location at Draper**

Surplus Property Operations has been located on State owned land near the Utah State Prison. The Analyst believes the Division of Fleet Operations and the Division of Archives should also consider moving to this location. The Analyst is recommending \$40,000 in programming funds to find a suitable location for the Division of Archives.

**2.6 Department of Corrections Needs**

In the 1998 General Session, the Legislature approved \$1,890,000 for the Department of Corrections to contract for a privatized prison. The funding was approved with the understanding that DOC would have access to the facility for three months in FY 1999. Due to unforeseen delays in issuing a Request for Proposal (RFP), the privatized prison will not be available for operation in FY 1999.

In December, the Department approached the Analyst with a proposal to build pre-fabricated facilities on the Draper and Gunnison prison properties. The Corrections proposal includes use of the funds appropriated for the privatized prison and federal funds to build and operate a total of 300 new beds. In addition, the Department plans to use another \$929,000 of the privatized prison funding from the Fiscal Year 2000 budget for operations in the 300 bed proposal.

In a letter to Representative Adair that was copied to the Analyst, Corrections Director Pete Haun said the following:

*While it should be understood that Corrections has the legal authority to use this (privatized prison) money inside the line item in any way consistent with our mission and state law, we agree that the issue is not just what is legal, but what is appropriate. We acknowledge that the legislature made the funding available for a specific purpose, but feel that the proposed use of the money (to obtain inmate housing) is consistent with the intent of the original appropriation.*

*Last year, during the Legislative Session, we made it clear that we were not sure that the private facility could be finished in time for use during FY'99. Since we knew that the inmate population would continue to grow even if the facility were not completed, we told the*

*Legislature that we would use the private facility money for inmate housing wherever we could find it. As you are aware, the difficulty of writing an RFP that will protect the interests of the state has produced delays. It cannot be constructed for an FY'99 opening.*

The Analyst has not been able to verify that the Legislature was aware that the privatized facility would not be ready for use in Fiscal Year 1999. There is no mention in the meeting notes that the Appropriation Subcommittee agreed to this, nor is there intent language that would indicate the Legislature had any intention for Corrections to use this money for any project other than the privatized facility. The Analyst is concerned that Agencies are requesting funds to operate facilities that they do not anticipate opening in the requested fiscal year. Section 2.7 of this document addresses this problem as a statewide issue.

The Analyst is also concerned with the timing of the new request from the Department. In recognizing there were legitimate delays in issuing the RFP, it appears that the Department should have realized no later than September of 1998 that the privatized facility could not be ready for Fiscal Year 1999. The RFP was issued in two stages, the first to qualify legitimate bidders and the second to decide on a final contractor. The first RFP was issued in September and contained a reply deadline of October 13, 1998. On October 26, a Corrections official sent a memo to the State Division of Purchasing regarding the selection of the final bidders. If it was not clear in September that the project would not be ready by April of 1999, certainly it should have been clear to the Department by October 26 considering the State had yet to send out a final RFP.

If the Department of Corrections had acted in September, there would have been ample time to discuss options in regard to adding the requested 300 beds. There would also have been time for the Department to participate in the statutory process that guides capital development. The Analyst believes that there is a need for additional beds. However, with only a limited time to respond, the Analyst is concerned that building two structures to cover a temporary shortfall in beds may not be the most appropriate answer to this problem. Corrections intends to allow these inmates to perform work crew duties outside the prison gates. If the prisoners to be housed in the proposed facility are low-risk inmates ready for parole, perhaps a halfway house can accommodate the overflow.

As mentioned above, the funds for construction can be accessed through federal programs.

**Construction Costs:**

100 Bed Gunnison	\$1,320,000
200 Bed Draper	<u>\$2,530,000</u>
<b>Total</b>	<b><u>\$3,850,000</u></b>
Construction Funds Sources:	
VOITIS Grant	\$3,500,000
10% Match from Dept. (SCAAP funds FY 1998)	<u>350,000</u>

**Total** **\$3,850,000**

**Operating Costs and Funding:**

As is true with all capital developments, the real cost to the state is not the construction, but the operation. The Corrections proposal adds 47 employees to the state payroll and requires the purchase of at least 20 full size (15 passenger ) vans to transport work crews. The funding identified for vehicle leases is approximately \$11,000 below what will be needed and doesn't account for fuel expenses. Capital outlay for the vans is marginally significant, assuming that the State could get an extremely favorable deal for buying so many vehicles at once.

The operating costs are estimated at \$1.42 million for FY 1999 (partial year), and \$4.39 million for the full year in FY 2000. Proposed funding to operate these facilities would come from unused funding for private facilities, and SCAAP funds. The estimated breakdown of these operating costs and the number of funded staff positions, is as follows:

	<b>100 Bed Gunnison</b>	<b>200 Bed Draper</b>	<b>Total Cost</b>
<b>Operations Cost FY 1999</b>			
Purchase of Vans	\$126,000	\$294,000	\$420,000
Operations	300,000	700,000	1,000,000
<b>Total</b>	<b>\$426,000</b>	<b>\$994,000</b>	<b>\$1,420,000</b>
<b>Operations Cost FY 2000 (Full Year)</b>			
Staffing	\$684,000	\$1,224,000	\$1,908,000
Inmate Housing	800,000	1,600,000	2,400,000
Vehicle Leases	25,000	58,800	84,000
<b>Total Full Year Cost</b>	<b>\$1,509,200</b>	<b>\$2,882,800</b>	<b>\$4,392,000</b>
<b>Total Operations Cost FY 99/00</b>	<b>\$1,935,200</b>	<b>\$3,876,800</b>	<b>\$5,812,000</b>
<b>FTE</b>	17.1	30.6	47.7

**Operations Sources FY 1999/2000:**

Unused funding from private facility for FY 1999	\$1,890,000
Unused funding from private facility for FY 2000	922,000
SCAAP funding from FY 1999	1,500,000
SCAAP funding from FY 2000	<u>1,500,000</u>
<b>Total Full Year Cost</b>	<b><u>\$5,812,000</u></b>

If this plan is adopted, the Department of Corrections will have spent more than \$2.8 million designated for privatized beds on other projects, and will have only \$968,000 for beds once a contractor is chosen to build the privatized facility. **Assuming a rate of \$42 per day, the remaining funding will only allow for approximately six weeks of funding for the privatized facility in FY 2000. The Analyst believes that if this option is pursued, the implementation of the privatized facility should be**

**postponed until FY 2001 and the excess funds originally appropriated for that facility should be returned to the General Fund.**

## **2.7 Operation and Maintenance Issues**

There is currently a mechanical difficulty in the funding of Operation and Maintenance costs of new buildings. O&M costs are reviewed at the time of capital funding, but are allocated by a different appropriation committee upon construction completion. Often, final O&M requests are significantly higher than original projections. Furthermore, Human Services, Corrections, Youth Corrections and Courts include programmatic costs within O&M requests. In the Department of Corrections, O&M is funded three months in advance of opening dates to provide training for officers. While the Analyst realizes the need to train officers, he also notes that three months of O&M funding less programming in the DOC can amount to more than \$500,000 in funds that could be used for other programs.

A related issue is the fact that O&M is funded months in advance based on construction completion estimates. If opening dates slip for any reason, the funding for O&M still flows to the agency. For example, in FY 1999 the Department of Corrections received approximately \$1.8 million to contract for a privatized prison, even though the contract can not be completed until FY 2000. A similar scenario occurred with Youth Corrections, where a construction slippage resulted in more than \$750,000 flowing to the department. At the College of Eastern Utah, the delay in opening of the student center and the premature funding of the San Juan Center resulted in over-funding of approximately \$120,000 from FY 1998 to FY 2000.

## **Recommendation**

The Analyst believes that steps should be taken to more closely monitor O&M expenditures, even if statutory change is required. The following scenarios are preliminary ideas to solve this problem:

- (1) Fund all O&M requests through the Capital Facilities committee
- (2) Provide a separate line item in each agency budget dedicated to O&M expenditures.
- (3) Establish an O&M Restricted account managed by DFCM for new construction projects. O&M funding would be provided at the time of project approval and placed into the restricted account. The legislature could direct DFCM to use the funds in the account for one-time projects if there is a delay in meeting the scheduled opening. An added benefit would be that DFCM and agencies would be more accountable in planning new facility openings.

Absent the establishment of a restricted account, the Office of the Legislative Fiscal Analyst further believes that any O&M funding provided to an agency should be returned to the original funding source if the opening of the building or completion of the contract falls off schedule.

## 2.8 General Government Bonding

The Analyst is recommending that the committee consider two non-capital projects for inclusion on the General Obligation Bond, subject to concurrence with the Higher Education and Commerce and Revenue Appropriation Subcommittees. The Tax Commission's new computer system, called UTAX, has been funded through bonding for the last two years. There are still two more years of funding to go, including the upcoming fiscal year.

The Utah Education Network operates two Public Broadcasting Stations. The FCC is requiring all over-the-air stations to digitize their signal by 2005. Commercial stations are currently moving to DTV and have offered to co-locate UEN stations on their broadcast tower. By joining commercial stations in building a transmitter and facility for equipment, the state will not have to pay for a full, independent facility. This will bring a savings to the state of approximately \$1,000,000. A complete review of this project can be found in the IT Project Review section of this Budget Recommendation.

	<b>FY 1999 Estimated</b>	<b>FY 2000 Analyst</b>	<b>Difference</b>
<b>Financing</b>			
G.O. Bonding	\$15,650,000	\$12,715,000	(\$2,935,000)
Other Funds - E-Rate Savings		1,875,600	1,875,600
<b>Total</b>	<b>\$15,650,000</b>	<b>\$14,590,600</b>	<b>(\$1,059,400)</b>
<b>Programs</b>			
Government Operations (UTAX)	\$15,650,000	\$8,500,000	(\$7,150,000)
UEN - Digital Conversion		6,090,600	6,090,600
<b>Total</b>	<b>\$15,650,000</b>	<b>\$14,590,600</b>	<b>(\$1,059,400)</b>

## 2.9 Comparison of Agency Allocations

<b>Expenditures</b>	<b>FY 1997 *</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>State Funds</b>	<b>Actual</b>	<b>Estimated</b>	<b>Estimated</b>	<b>Analyst</b>
Higher Education	\$37,670,200	\$34,903,000	\$33,726,100	67,834,600
% of Total	24.25%	20.49%	20.24%	48.65%
State Government	49,946,700	66,870,700	61,994,300	26,828,000
% of Total	32.16%	39.26%	37.21%	19.24%
Corrections/ Courts	38,769,500	38,592,700	38,982,900	11,223,400
% of Total	24.96%	22.66%	23.40%	8.05%
Capital Improvements	28,936,600	29,980,600	31,893,500	33,558,000
% of Total	18.63%	17.60%	19.14%	24.07%
<b>Total</b>	<b>\$155,323,000</b>	<b>\$170,347,000</b>	<b>\$166,596,800</b>	<b>\$139,444,000</b>
* \$8,680,000 of FY 97 Bonding was reallocated in FY 98 for different projects. However, the \$8,680,000 is still reflected in the FY 97 budget, but the new project allocation is also reflected in FY 97.				

**3.0 Programs**

The Analyst has recommended the following funding for Capital Developments.

**3.1 Capital  
Developments  
Recommendations**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	
<b>Financing</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$14,326,600	\$16,021,500	\$17,344,400	\$1,322,900
Uniform School Fund		19,519,300	7,734,000	(\$11,785,300)
G.O. Bonding	55,145,400	27,255,300	50,345,200	\$23,089,900
Federal Funds	2,700,000	3,505,800		(\$3,505,800)
Revenue Bonds	33,407,600	59,868,600	9,448,000	(\$50,420,600)
Transportation Fund	3,177,300	2,118,900	978,000	(\$1,140,900)
Revenue Transfers		586,900	4,574,000	\$3,987,100
<b>Total</b>	<b>\$108,756,900</b>	<b>\$128,876,300</b>	<b>\$90,423,600</b>	<b>(\$38,452,700)</b>

**Summary**

**Capital Developments** are permanent additions of net square footage to the State's fixed capital assets, or a change in function of major cost and importance. The State's fixed capital assets consist of property, plant and major equipment used to provide program services; rolling stock is excluded. All costs related to the addition or change are encompassed, such as land acquisition, demolition, moveable and fixed equipment, on and off-site development, architectural and engineering design, and construction. Items included in this category are those with a useful life of at least five years. Major structural renovations or reconstructions, such as gutting a structure's interior while retaining its exterior shell or where a change in use of the structure is involved, are also included.,

Statutorily, capital developments mean:

- remodeling, site, or utility projects with a total cost of \$1,000,000 or more;
- addition of new space that will cost more than \$100,000; or
- land acquisition where an appropriation is requested (63 A-5-103(3)(a)(I)(ii)(iii)).

**3.2 Capital Planning**

The Analyst is recommending \$90,000 for programming on two projects - the relocation of the State Archives and for expenses related to developing a prototypical design for state office buildings.

<b>Financing</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	
	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	\$153,000	\$40,000	\$90,000	\$50,000
<b>Total</b>	\$153,000	\$40,000	\$90,000	\$50,000
<b>Program</b>				
Bridgerland ATC		\$40,000		
State Archives			\$40,000	\$40,000
Office Prototype			50,000	50,000
<b>Total</b>	\$153,000	\$40,000	\$90,000	\$50,000

**Archives** - The Analyst believes that the new state Surplus Property site adjacent to the Prison in Draper should be given priority attention in any plan to relocate the Division of Archives.

**Office Prototype** - The Analyst believes that DFCM currently possesses enough information concerning space utilization, needs and standards to begin designing a prototypical office design. The funds recommended here should be used to consolidate information and offset limited travel expenses to analyze projects in other states.

**Summary**

Before a project can be approved or considered for funding, approval must first be made for planning and programming. This process requires a separate appropriation from the Legislature and provides the basis for making choices among alternatives, suggests a timing sequence for implementation, and in some cases is essential in the capital budgeting process. When planning has been completed, a project is usually, but not necessarily, considered for funding the following year.

### 3.3 Capital Improvements

The Analyst is recommending a budget for Capital Improvements that includes an increase over the FY 1998 level of \$1,664,500.

<b>Financing</b>	<b>FY 1998 Actual</b>	<b>FY 1999 Estimated</b>	<b>FY 2000 Analyst</b>	<b>Difference</b>
General Fund	\$28,980,600	\$29,952,800	\$29,875,900	(\$76,900)
Uniform School Fund	1,000,000	1,940,700	\$3,682,100	1,741,400
G.O. Bonding				
Revenue Transfers				
<b>Total</b>	<b>\$29,980,600</b>	<b>\$31,893,500</b>	<b>\$33,558,000</b>	<b>\$1,664,500</b>

### Summary

Capital Improvements are major alternation, repair or improvement of the State's fixed capital assets, either to maintain current levels of service or to meet increasing demand for services that enhances the value of the facility. Reoccurring capital outlays, such as motor vehicles are excluded. Acquisition of equipment should also be excluded unless it is an integral improvement. Requests for normal maintenance of fixed capital assets (i.e. unplanned or discretionary) should continue to be included in the operating budget request. Normal maintenance would exclude preventive and corrective maintenance of equipment scheduled by the Division of Facilities Construction and Management, as well as planned or programmed maintenance of major structural components of a facility, such as a roof.

Statutorily, capital improvements mean:

- a remodeling, alternation, or repair project with a total cost of less than \$1,000,000 (63 A-5-103 (4)(a)(I)(ii)).
- site and utility improvements with a total cost of less than \$1,000,000 (63 A-5-103(4)(a)(I)(ii)).

### 3.4 Statewide Land Purchases

**Recommendation**

The Analyst is not recommending any land purchases for FY 2000, but notes that Dixie College received 8 acres of donated land in Hurricane.

<b>Financing</b>	<b>FY 1998 Estimated</b>	<b>FY 1999 Analyst</b>	<b>FY 2000 Analyst</b>	<b>Difference</b>
General Fund	\$708,700	\$721,600	\$0	(\$721,600)
G.O. Bonding		\$191,000		(\$191,000)
<b>Total</b>	<b>\$708,700</b>	<b>\$912,600</b>	<b>\$0</b>	<b>(\$912,600)</b>
<b>Expenditures</b>				
Statewide Land	\$708,700	\$912,600	\$0	(\$912,600)
<b>Total</b>	<b>\$708,700</b>	<b>\$912,600</b>	<b>\$0</b>	<b>(\$912,600)</b>

**4.0 Tables: Capital Budget**

	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
General Fund	\$49,119,200	\$44,168,900	\$56,561,900	\$47,310,300
Uniform School Fund	1,985,500	1,000,000	11,000,000	11,416,100
G.O. Bonding	31,000,000	55,145,400	32,855,300	50,345,200
Federal Funds		2,700,000	3,505,800	
Revenue Bonds	32,171,600	33,407,600	59,868,600	9,448,000
Transportation Fund	2,277,200	3,177,300	2,118,900	978,000
Revenue Transfers			686,300	4,574,000
<b>Total</b>	<b>\$116,553,500</b>	<b>\$139,599,200</b>	<b>\$166,596,800</b>	<b>\$124,071,600</b>
	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Programs</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
Capital Improvements	\$28,936,600	\$29,980,600	\$34,012,400	33,558,000
Capital Planning		153,000	40,000	90,000
Capital Developments	86,916,900	108,756,900	126,757,400	90,423,600
Statewide Land Purchases	700,000	708,700	5,787,000	
<b>Total</b>	<b>\$116,553,500</b>	<b>\$139,599,200</b>	<b>\$166,596,800</b>	<b>\$124,071,600</b>

	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Financing - Non-Capital</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
G.O. Bonding			\$15,650,000	\$12,700,000
Revenue Transfers (E-Rate)				1,875,600
<b>Total</b>			<b>\$15,650,000</b>	<b>\$14,575,600</b>
<b>Programs</b>				
General Government - UTAX			\$15,650,000	\$8,500,000
UEN - Digital Conversion				6,075,600
<b>Total</b>			<b>\$15,650,000</b>	<b>\$14,575,600</b>

# **RECOMMENDED CAPITAL BUDGETS**

**ANALYST**

**BUILDING BOARD**

The following table reflects the Analyst's recommendations

BB Recommended Projects		Project Cost	Total Cash	General Fund	USF	Trans. Funds	G. O. Bond	Revenue Bond	Other Funds*	Cum. Total	Estimated O&M
1 DAS/DFCM	Capital Improvements	\$33,558,000	\$33,558,000	\$29,875,900	\$3,682,100					\$33,558,000	
2 SUU	Physical Education Building	19,945,200					19,945,200			53,503,200	\$721,875
5 U of U	Cowles Building Renovation	7,268,500	7,268,500	7,268,500						60,771,700	140,850
9 UVSC	Information Sciences Building	29,400,000					29,400,000			90,171,700	447,744
7 Capitol Preservation Board	Capitol Building Pre-Design/Logistics	1,000,000					1,000,000			91,171,700	n/a
1 Human Services	Brigham City Office Purchase	2,510,000						2,510,000		93,681,700	0
13 ABC	Provo Liquor Store Purchase	420,000						420,000		94,101,700	14,816
8 Corrections	Administration Building	6,518,000						6,518,000		100,619,700	268,540
n/a Public Education	Bridgerland Southwest Wing Remodel	3,934,000	3,534,000		3,534,000				400,000	104,553,700	115,304
15 Workforce Services	Addition to Cedar City Office	929,000	929,000	929,000						105,482,700	28,000
10 Courts	Vernal District Court	7,314,500	5,014,500	5,014,500					2,300,000	112,797,200	149,989
6 Human Services	Youth Corrections Richfield	4,132,400	4,132,400	4,132,400						116,929,600	140,217
20 SLCC	Applied Education Center	5,150,000	4,200,000		4,200,000				950,000	122,079,600	281,784
Administrative Services	Archives Building (Planning)	40,000	40,000	40,000						122,119,600	
Administrative Services	State Offices Prototypical Design (Planning)	50,000	50,000	50,000						122,169,600	
<b>Subtotal Buildings</b>			<b>\$58,726,400</b>	<b>\$47,310,300</b>	<b>\$11,416,100</b>	<b>\$0</b>	<b>\$50,345,200</b>	<b>\$9,448,000</b>	<b>\$3,650,000</b>	<b>\$122,169,600</b>	<b>\$1,887,118</b>
<b>Transportation Projects</b>											
Transportation	Panguitch Maintenance Station	\$225,000				\$225,000				\$225,000	\$0
Transportation	Richfield District Warehouse	\$528,000				528,000				753,000	28,000
Transportation	Clearfield Maintenance Station	\$225,000				225,000				978,000	5,880
Transportation	Region One Headquarters	\$924,000							924,000	1,902,000	28,000
<b>Subtotal Transportation Buildings</b>			<b>\$0</b>			<b>\$978,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$924,000</b>	<b>\$1,902,000</b>	<b>\$61,880</b>
<b>Non-Capital Projects</b>											
Tax Commission	UTAX	\$8,500,000					\$8,500,000			\$8,500,000	
UEN	Digital Television Station	\$6,090,600					4,215,000		1,875,600	6,090,600	
							<b>\$12,715,000</b>		<b>\$1,875,600</b>	<b>\$14,590,600</b>	
<b>Total All Projects</b>			<b>\$58,726,400</b>	<b>\$47,310,300</b>	<b>\$11,416,100</b>	<b>\$978,000</b>	<b>\$63,060,200</b>	<b>\$9,448,000</b>	<b>\$6,449,600</b>	<b>\$138,662,200</b>	<b>\$1,948,998</b>
<b>Projects Recommended subject to funding availability:</b>											
6 Human Services	Youth Corrections Canyonlands	\$4,795,000									
3 Human Services	State Hospital - Rampton Building II	14,609,000									
7 Natural Resources	Parks & Rec. Bear Lake Campground	2,004,000									
<div> <div>*Source: \$400,000 Sale of Murray B. Allen Building; \$2,300,000 court fees; \$924,000 pending sale of UDOT property; \$1,875,600 E-Rate savings \$950,000 sale of excess property.</div> </div>											
<b>Building Board Projects not recommended for FY 2000</b>											
Administrative Services	Master Plan (Statewide Office Needs)	\$400,000									
9 Dixie College	Art Classroom/Lab/Gallery (Planning)	130,000									
6 Human Services	Brigham City Office Purchase	2,510,000									
19 Human Services	Youth Corrections Canyonlands	5,171,000									
8 State Board of Regents	Land Purchases	750,000									
7 University of Utah	Master Eng. Design & Action Plan	3,000,000									
8 Utah State University	Master Eng. Design & Action Plan	1,500,000									
<b>Total</b>		<b>\$13,461,000</b>									

Utah State Building Board Rankings			
Fiscal Year 2000			
Rank	Agency	Project	Project Cost
1	DAS/DFCM	Capital Improvements	\$ 33,558,000
2	SUU	Physical Education Building	\$ 20,748,000
3	Human Services	Rampton Building II	\$ 14,609,000
4	Administrative Services	State Offices Prototypical Design	\$ 240,000
5	U of U	Cowles Building Renovation	\$ 7,396,000
6	Human Services	Youth Corrections Richfield	\$ 4,795,000
7	Capitol Preservation Board	Capitol Building Pre-Design/Logistics	\$ 1,000,000
8	Corrections	Administration Building	\$ 6,518,000
9	UVSC	Information Sciences Building	\$ 29,400,000
10	Courts	Vernal District Court	\$ 7,543,000
11	University of Utah	Master Eng. Design & Action Plan	\$ 3,000,000
12	Utah State University	Master Eng. Design & Action Plan	\$ 1,500,000
13	ABC	Provo Liquor Store Purchase	\$ 420,000
14	Administrative Services	Master Plan (Statewide Office Needs)	\$ 400,000
15	Workforce Services	Addition to Cedar City Office	\$ 929,000
16	Human Services	Brigham City Office Purchase	\$ 2,510,000
17	Higher Ed	Land Purchases	\$ 750,000
18	Natural Resources	Parks & Rec. Bear Lake Campground	\$ 2,004,000
19	Human Services	Youth Corrections Canyonlands	\$ 5,171,000
20	SLCC	Applied Education Center	\$ 4,200,000
21	Administrative Services	Archives Building (Planning)	\$ 40,000
22	Dixie	Art Classroom/Lab/Gallery (Planning)	\$ 130,000
<i>Projects From Other Funding Sources</i>			
	Agency	Project	Project Cost
<b>Transportation Funds</b>			
	Transportation	Panguitch Maintenance Station	\$ 1,601,000
	Transportation	Richfield District Warehouse	\$ 528,000
	Transportation	Clearfield Maintenance Station	\$ 225,000
	Transportation	Region One Headquarters	\$ 924,000

This table has been sent to the Higher Education Appropriation Subcommittee for review and input.

<b>Utah State Building Board</b> <b>Fiscal Year 2000 - Other Funds Projects</b>				
<b>Agency</b>	<b>Fund Source</b>	<b>Project</b>	<b>Project Cost</b>	<b>O&amp;M Request</b>
SLCC	Student Fees	Student Activity Center - Redwood Rd Campus	\$2,000,000	\$0
SLCC	Student Fees	Student Activity Center - Jordan Campus	2,000,000	0
SUU	Donor Funds	Shakespearean Festival Scene Shop	7,151,000	0
U of U	Donor Funds	Pioneer Memorial Theater Expansion	5,000,000	120,150
U of U	Third Party Participation	East Campus Central Plant	22,900,000	0
U of U	Donor Funds	College of Pharmacy Expansion	35,500,000	658,125
U of U	Federal Funds	Pedestrian Bridge Over Wasatch Drive	4,989,000	0
USU	Donor Funds	Nora Eccles Harrison Museum of Art	7,651,000	165,000
USU	Grants	Lyric Theater	1,894,000	18,000
WSU	Donor Funds	Visual Arts Building	14,997,000	188,025
			<b>\$104,082,000</b>	<b>\$1,149,300</b>